



**DOMESTIC VIOLENCE SOLUTIONS FOR
SANTA BARBARA COUNTY**
(FORMERLY SHELTER SERVICES FOR WOMEN, INC.)

FINANCIAL STATEMENTS

June 30, 2008
(with comparative 2007 totals)



Independent Auditors' Report

To the Board of Directors
Domestic Violence Solutions for Santa Barbara County

We have audited the accompanying statement of financial position of Domestic Violence Solutions for Santa Barbara County, formerly Shelter Services for Women, Inc., (a non-profit corporation) as of June 30, 2008, and the related statements of activity, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of Domestic Violence Solutions for Santa Barbara County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Domestic Violence Solutions for Santa Barbara County as of June 30, 2008, and the changes in its net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2008 on our consideration of Domestic Violence Solutions for Santa Barbara County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Domestic Violence Solutions for Santa Barbara County taken as a whole. The accompanying schedules of expenditures of Office of Emergency Services grant revenue and expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Stoltey & Associates

December 18, 2008

Domestic Violence Solutions for Santa Barbara County
Statement of Financial Position
June 30, 2008
(with comparative 2007 totals)

	Unrestricted	Temporarily Restricted	2008 Totals	2007 Totals
Assets				
Cash and cash equivalents	\$ 450,844	\$ -	\$ 450,844	\$ 84,374
Grants receivable	306,082	-	306,082	137,981
Investments (note 13)	590,397	-	590,397	419,704
Inventory	64,367	-	64,367	72,937
Deposits and prepaid expenses	39,983	-	39,983	96,358
Pledges receivable (note 2)	-	298,091	298,091	306,490
Assets held for sale	10,000	-	10,000	10,000
Property and equipment (note 3)	2,451,242	-	2,451,242	2,541,903
Total Assets	\$ 3,912,915	\$ 298,091	\$ 4,211,006	\$ 3,669,747
Liabilities and Net Assets				
Accounts payable	\$ 78,933	\$ -	\$ 78,933	\$ 109,217
Accrued expenses	85,656	-	85,656	84,774
Line of credit	-	-	-	63,500
Notes payable (note 5)	744,287	-	744,287	1,112,328
Total Liabilities	908,876	-	908,876	1,369,819
Net Assets (note 7):				
Unrestricted	3,004,039	-	3,004,039	1,993,438
Temporarily restricted	-	298,091	298,091	306,490
Total Net Assets	3,004,039	298,091	3,302,130	2,299,928
Total Liabilities and Net Assets	3,912,915	298,091	4,211,006	3,669,747

The accompanying notes are an integral part of this financial statement.

Domestic Violence Solutions for Santa Barbara County
Statement of Activities
For the Year Ended June 30, 2008
(with comparative 2007 totals)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007</u>
Support and Revenue:				
Public Support:				
Contributions	\$ 660,033	\$ -	\$ 660,033	\$ 706,392
Bequests	859,406	-	859,406	1,000
In-Kind donations	451,397	-	451,397	60,425
United Way	-	17,618	17,618	19,348
Government grants	728,342	298,091	1,026,433	1,006,134
Special Events:				
Special events - Gross	193,818	-	193,818	201,681
Direct special event costs	(29,105)	-	(29,105)	(28,027)
Net special event proceeds	164,713	-	164,713	173,654
Total Support	<u>2,863,891</u>	<u>315,709</u>	<u>3,179,600</u>	<u>1,966,953</u>
Revenues:				
Thrift shop	253,882	-	253,882	265,758
Client fees	41,875	-	41,875	30,593
Court ordered fees	195,373	-	195,373	215,668
Investment income	(18,602)	-	(18,602)	60,006
Rental income	20,084	-	20,084	23,557
Miscellaneous income	11,523	-	11,523	24,996
Total Revenue	<u>504,135</u>	<u>-</u>	<u>504,135</u>	<u>620,578</u>
Total Support and Revenue	<u>3,368,026</u>	<u>315,709</u>	<u>3,683,735</u>	<u>2,587,531</u>
Assets Released From Restriction	<u>324,108</u>	<u>(324,108)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program	<u>2,118,512</u>	<u>-</u>	<u>2,118,512</u>	<u>2,233,077</u>
Supporting Services:				
Management and general	267,527	-	267,527	234,000
Fundraising	70,520	-	70,520	99,567
Thrift shop	224,974	-	224,974	214,547
Total Supporting Services	<u>563,021</u>	<u>-</u>	<u>563,021</u>	<u>548,114</u>
Total Expenses	<u>2,681,533</u>	<u>-</u>	<u>2,681,533</u>	<u>2,781,191</u>
Change in Net Assets	1,010,601	(8,399)	1,002,202	(193,660)
Net Assets, Beginning of Year	1,993,438	306,490	2,299,928	2,493,588
Net Assets, Ending of Year	<u>\$ 3,004,039</u>	<u>\$ 298,091</u>	<u>\$ 3,302,130</u>	<u>\$ 2,299,928</u>

The accompanying notes are an integral part of this financial statement.

Domestic Violence Solutions for Santa Barbara County
Statement of Functional Expenses
For the Year Ended June 30, 2008
(with comparative 2007 totals)

	Program	Management & General	Fundraising	Thrift Store	2008 Total	2007 Total
Salaries	1,166,735	119,916	29,666	115,138	1,431,455	1,559,653
Employee benefits & taxes	237,049	25,182	6,230	33,992	302,453	321,251
Total Salaries and related expenses	1,403,784	145,098	35,896	149,130	1,733,908	1,880,904
Conferences and training	4,217	3,484	-	77	7,778	9,010
Direct Assistance	21,330	-	-	-	21,330	30,380
Equipment	26,981	5,304	-	305	32,590	25,538
Insurance	51,298	-	-	6,301	57,599	53,477
Interest Expense	687	1,027	-	-	1,714	3,309
Site Maintenance	27,572	2,332	-	1,562	31,466	72,552
Mileage, Travel, Vehicle Exp	27,839	5,872	116	1,098	34,925	35,624
Miscellaneous	2,389	2,127	2,842	275	7,633	6,626
Postage	578	3,776	4,546	-	8,900	8,781
Printing	7,636	1,418	13,231	476	22,761	21,639
Professional Services	45,131	79,412	5,637	2,894	133,074	140,299
Property tax, License & Fees	1,182	627	-	176	1,985	2,662
Outreach & Education	17,036	1,772	2,255	2,230	23,293	28,671
Rent	82,331	2,220	-	45,650	130,201	135,355
Supplies	12,517	2,987	5,997	1,850	23,351	42,688
Telephone	60,987	4,119	-	1,243	66,349	60,456
Utilities	54,223	1,556	-	8,507	64,286	62,588
Total expenses before depreciation	1,847,718	263,131	70,520	221,774	2,403,143	2,620,559
Depreciation	177,062	4,396	-	3,200	184,658	76,280
Imputed Interest	93,732	-	-	-	93,732	84,352
Total Expenses	2,118,512	267,527	70,520	224,974	2,681,533	2,781,191

The accompanying notes are an integral part of this financial statement.

DOMESTIC VIOLENCE SOLUTIONS
Statement of Cash Flows
Year Ended June 30, 2008
(with comparative 2007 amounts)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,002,202	\$ (193,660)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	184,658	76,280
Accrual of long-term interest	37,165	33,927
Realized & Unrealized (gain)/loss on marketable securities	30,771	(36,782)
Donated assets	-	(10,000)
Noncash forgiveness of notes payable	(393,313)	-
Change in current assets and liabilities		
Grants receivable	(168,101)	42,168
Deposits and prepaid expenses	56,375	(59,209)
Pledges receivable	-	(101,128)
Inventory	8,570	(14,616)
Accounts payable	(30,284)	15,290
Line of credit	(63,500)	63,500
Accrued expenses	882	(12,139)
Net cash provided by operating activities	<u>665,425</u>	<u>(196,369)</u>
Cash flows used in investing activities		
Purchase of investment securities	(201,464)	-
Proceeds from sale of investment securities	-	229,969
Purchase of fixed assets	(93,997)	(288,771)
Net cash used in investing activities	<u>(295,461)</u>	<u>(58,802)</u>
Cash flows used in financing activities		
Proceeds from issuance of mortgages	-	103,939
Principal payments on mortgage	(3,494)	(1,712)
Net cash used in financing activities	<u>(3,494)</u>	<u>102,227</u>
Net increase in cash and cash equivalents	366,470	(152,944)
Cash and cash equivalents, beginning of period	<u>84,374</u>	<u>237,318</u>
Cash and cash equivalents, end of period	<u>\$ 450,844</u>	<u>\$ 84,374</u>

The accompanying notes are an integral part of this financial statement.

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY
Notes to Financial Statements
June 30, 2008

(1) Summary of Significant Accounting Policies

General

Domestic Violence Solutions for Santa Barbara County, formerly Shelter Services for Women, Inc., (the Organization) is a California nonprofit corporation dedicated to ending the intergenerational cycle of domestic violence by providing prevention and intervention services and by challenging society's attitudes, beliefs and behaviors to effect social change. Incorporated March 30, 1980, the Organization operates three shelters, transitional housing, a thrift store, county-wide teen services, and a domestic violence intervention program for batterers as well as a full range of counseling and support services for men, women, and children.

Revenue Recognition

The Organization has adopted the provisions of Statement of Financial Accounting Standards No. 116 (SFAS No. 116), *Accounting for Contributions Received and Contributions Made.* SFAS No. 116 requires the Organization to differentiate between exchange transactions and contributions. Due to the nature of the Federal grants and contracts, the Organization has determined funds received under grants and contracts to be exchange transactions. Accordingly, the Organization recognizes grant and contract revenue as it is earned.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports its financial statements in accordance with Statement of Financial Accounting Standards Board (SFAS) No. 117, *Financial Statements of Non-Profit Organizations.* Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes based on the existence and nature of donor imposed restrictions on net assets:

Unrestricted net assets generally result from unrestricted contributions, funds received under exchange transactions and dividends less expenses incurred in providing services and fund-raising and other administrative expenses. Support that is restricted by the donor is reported as an increase in unrestricted

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY
Notes to Financial Statements
June 30, 2008

net assets if the restriction expires in the reporting period in which the support is received.

Temporarily restricted net assets are classified as such based on donor stipulations that they be used in a later period or for a specific purpose.

Permanently restricted net assets are classified as such based on donor-imposed restrictions prohibiting the Organization from using the asset. Any interest, dividends and unrealized gains or losses recognized on such assets are either reported as an increase to permanently restricted net assets, temporarily restricted net assets or unrestricted net assets in conformance with any donor imposed restrictions.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, money market mutual funds, cash in savings and checking bank accounts.

Property and Equipment

Property and equipment purchased is recorded at cost and depreciated using the straight-line method. Donated property and equipment is recorded at the estimated fair market value at the date of the donation, and are similarly depreciated. The Organization capitalizes all fixed asset purchases greater than \$500.

Donated Materials and Services

A substantial number of volunteers have donated their time to the Organization by answering the hotline, leading groups, providing child care, helping at the thrift shop, being board members and helping with fundraising. Volunteers also participated in a state mandated 40 hour training which enabled them to donate their time offering more direct assistance to the clients. Under Statement of Financial Accounting Standards No. 116 "Accounting for Contributions Received and Contributions Made", only specific services requiring specialized skills are to be recorded in these financial statements. Management has not recorded any contributed service for the year ended June 30, 2008.

Thrift Shop Inventory

Inventory at the thrift shops is recorded at the estimated value at the date of donation. Items donated to the thrift shop have not been recorded as income and cost of goods sold in these financial statements. Only the amount received from the sale of these items is shown as thrift shop revenue.

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY
Notes to Financial Statements
June 30, 2008

Income Tax

The Organization is exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 27301d of the California Revenue and Taxation Code. The Organization is not considered a private foundation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Significant estimates used in preparing these financial include:

- Allocation of certain expenses by function
- Depreciable lives and estimated residual value of property and equipment
- Imputed interest rates on below market loans and to discount pledges receivable
- Value of thrift store inventory

It is at least reasonably possible that the significant estimates will change within the next year.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2007, from which the information was derived.

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY
Notes to Financial Statements
June 30, 2008

(2) Pledges Receivable

As of June 30, 2008, the pledges are expected to be received in the following amounts:

2009	\$ 10,394
2010	10,394
2011	10,394
2012	10,394
2013	10,394
Thereafter	<u>246,121</u>
	<u>\$ 298,091</u>

Pledges receivable consist of pledges to forgive loan balances over a ten-year period.

(3) Property and Equipment

Property and equipment at June 30, 2008 are as follows:

	Estimated <u>Life</u>	<u>June 30, 2008</u>
Land	-	\$ 474,896
Construction in process	-	71,325
Buildings and improvements	20 years	3,435,880
Furniture and equipment	5-7 years	298,333
Automobile	3-5 years	<u>99,551</u>
		4,308,660
Less: Accumulated Depreciation		<u>(1,928,743)</u>
		<u>\$ 2,451,242</u>

(4) Leases

The Organization leases its Lompoc thrift store, Santa Maria outreach office, and Lompoc outreach office under leases ranging from one to five years. In addition, the Organization rents their Anger Management office on a month-to-month basis. The Organization is required to make minimum lease payments stated

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY
Notes to Financial Statements
June 30, 2008

below. The leases are considered to be operating leases.

2009	<u>\$ 73,452</u>
------	------------------

The Organization also leases the Santa Barbara shelter facilities from the County of Santa Barbara. The Organization is required to pay utilities and maintenance costs. The County of Santa Barbara does not require the Organization to pay monthly rent payments. The fair market value of the facility rental could not be estimated and accordingly is not reported as donated facilities or as an expense.

(5) Notes Payable

Notes payable as of June 30, 2008 consists of the following:

Mortgage secured by a first trust deed on the Lompoc Shelter payable to the City of Lompoc, bearing interest at 4% with monthly payments of \$206 until January 1, 2016 when the mortgage will be fully paid.	\$ 16,196
---	-----------

Mortgage secured by a first trust deed on the Santa Maria Second Stage, payable to the Redevelopment Agency, City of Santa Maria. The non-interest-bearing note will be forgiven over a period of ten years beginning 2009.	214,000
---	---------

Mortgage secured by a second trust deed on the Santa Maria Second Stage, payable to the Redevelopment Agency, City of Santa Maria. The non-interest-bearing note will be forgiven over a period of ten years.	46,082
---	--------

Mortgage secured by a first trust deed on the Santa Maria Shelter, payable to the Redevelopment Agency, City of Santa Maria. The non-interest-bearing note will be forgiven over a period of ten years.	38,009
---	--------

Mortgage secured by a first trust deed on second stage transitional housing building and rent income from the building, payable to the Redevelopment Agency, City of	
--	--

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY
Notes to Financial Statements
June 30, 2008

Santa Barbara bearing interest at 4.5% per annum. Principal is due October 2023. Payments of 1/12 of the project's positive cash flow are to begin the first month of the year following any fiscal year in which the project has a net positive cash flow.

430,000

Total Notes Payable

\$ 744,287

Aggregate principal maturities of the mortgages for the next five years at the stated interest rates are as follows:

2009	\$ 12,094
2010	12,094
2011	12,094
2012	12,094
2013	12,094
Thereafter	<u>683,817</u>

\$ 744,287

(6) Line of Credit

The Organization has a line of credit totaling \$100,000 with a variable interest rate of 2 percentage points over the bank's index rate. The line of credit expires in October 2008. There was a balance no outstanding balances as of June 30, 2008.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of pledges to forgive loan balances over a ten-year period.

(8) Board Designations

The Organization's has unrestricted board-designations of \$584,090. Under the board's policy, the interest earned by these investments may be used to fund operations but the corpus must remain intact for future designation.

(9) Contingent Liabilities

The Organization received a number of grants from various governmental agencies. These grants are subject to audit by the granting agencies as to allowable costs paid with federal funds. The Organization would be liable for up

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY
Notes to Financial Statements
June 30, 2008

to the full amount of government funds expended should costs charged to the grants be disallowed.

(10) Transitional Housing

In May 1993, the Organization purchased an apartment building in Santa Barbara County to be used for transitional housing. The down payment on the building amounting to \$400,000 was provided by a grant from the U.S. Department of Housing and Urban Development (HUD).

HUD grant terms require that the facility be used as transitional housing for 10 years from the date of purchase. Additionally, if the facility is sold within 20 years of initial occupancy, proceeds from that sale should be used to provide supportive housing or for the benefit of low-income persons or for another use approved by HUD.

(11) Supplemental Disclosures of Cash Flow Information

Cash paid for interest	<u>\$ 3,039</u>
------------------------	-----------------

Non-cash transactions consist of the following:

Forgiveness of loan principal	<u>\$ 401,712</u>
-------------------------------	-------------------

Accrual of interest expense added to loan balance	<u>\$ 35,453</u>
--	------------------

Imputed interest expense at market rate and recognized as an expense and a donation	<u>\$122,837</u>
--	------------------

(12) Concentration of Risk

A significant portion of the Organization's revenues comes from federal and state grants and contracts. Individual donors come primarily from Santa Barbara County, as do the clients of the Organization.

(13) Investments

Investments at June 30, 2008 consisted of the following:

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY
Notes to Financial Statements
June 30, 2008

	Cost	Market
Certificate of Deposit	\$ 300,000	\$ 300,000
Mutual Funds	<u>271,502</u>	<u>290,397</u>
Totals	<u>\$ 571,502</u>	<u>\$ 590,397</u>